



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 6, 2007

H.R. 235

An act to allow for the renegotiation of the payment schedule of contracts between the Secretary of the Interior and the Redwood Valley County Water District, and for other purposes

*As ordered reported by the Senate Committee on Energy and Natural Resources
on May 23, 2007*

H.R. 235 would require the Secretary of the Interior to reschedule payments owed by the Redwood Valley County Water District to the government on loans made to the district by the Bureau of Reclamation under the Small Reclamation Projects Act. Based on information from the bureau, CBO estimates that enacting H.R. 235 would have no significant impact on direct spending or revenues over the next 10 years.

The Bureau of Reclamation executed two loans over 25 years ago to help the district construct a dual distribution water supply system. The loans totaled \$7.3 million. After making the first payment in 1983 on a 35-year repayment plan on the two loans, the district determined that water sales from the project would not be sufficient to repay the loans. After years of inability to repay the loans, the Mni Wiconi Project Act of 1988 was enacted. That act required the Secretary to renegotiate the repayments schedules of the district's loans, and suspended repayments until such renegotiation was complete.

To date, the water district has made no additional repayments, and under current law the Bureau of Reclamation does not expect to collect any significant repayments on those loans over the next 10 years. Further, the agency holds no collateral for those loans and does not plan to foreclose on them. Hence, CBO estimates that enacting H.R. 235 would not affect direct spending because we expect the agency is unlikely to receive any significant repayments either under current law or under the bill over the next 10 years.

H.R. 235 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. The bill might benefit the Redwood Valley County Water District by requiring the Secretary of the Interior to revise the district's repayment contracts for construction and water projects.

The CBO staff contact for this estimate is Tyler Kruzich. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.